

INPUT

Parsippany Place Corporate Center, Suite 201, 959 Route 46 East, Parsippany, NJ 07054-3492 (201) 299-6999

March 17, 1988

Mr. Joe Chow
Assistant Vice President
High Tech Division
Bank of Boston
100 Federal Street
Boston, MA 02110

Dear Joe:

Thanks very much for the opportunity to quote on the business valuation assignment for the service components of Decision Industries Corporation and Momentum Technologies, Inc.

Based on your stated requirements, I have prepared the attached proposal. I am, of course, available to further explain any aspect of the proposal that might be unclear. Just call.

To commence this project, please return a signed copy of the proposal along with the required up-front payment or purchase order.

I look forward to working with you on this interesting assignment, for which INPUT is especially well qualified.

Sincerely,

Donald R. Shaw
Donald R. Shaw
Vice President

DRS:rk
Enclosures



RCV DIVXEROX TELECOPIER 7810 ; 3-17-88 12:29PM ;
SENT BY:INPUT NEW JERSEY ; 3-17-88 3:21PM ;

20126383419
2012638741→

4159603990;# 3
4159603990;# 3

PROPOSAL TO
THE BANK OF BOSTON

FOR

BUSINESS EVALUATION OF THE SERVICE COMPONENTS
OF
DECISION INDUSTRIES CORPORATION
AND
MOMENTUM TECHNOLOGIES, INC.

FROM
INPUT
SUITE 201
959 ROUTE 46 EAST
PARSIPPANY, NEW JERSEY 07054
(201)299-6999

MARCH 17, 1988

INPUT



CONFIDENTIAL

BACKGROUND

Investors in Decision Industries Corporation and Momentum Technologies, Inc. require financial support from the Bank of Boston for a proposed merger of the customer service (maintenance) components of the two companies. Bank of Boston requires a business value assessment of the two service components from an uninvolved, expert third party.

INPUT is pleased to propose its services to perform that function and feels especially well qualified to do so based on its many years of successful research and consulting in the Customer Service sector of the Information Services industry, its broad relevant contacts and perspective, its historical base of research and the professional skills and knowledge of its people.

SCOPE AND METHODOLOGY

1. For the industry as a whole, by reference to past transactions, INPUT will establish comparable norms for similar business entities in terms of revenue and/or earnings multipliers. Special mitigating factors, in so far as known, for each of the relevant transactions will be noted.



2. Then, for each of the two service components at issue, INPUT will perform the following analyses separately:

- o Analyze revenue and profit performance and trajectory over the past three years, based on reports of segment financial results supplied to INPUT from the appropriate source.
- o Interview three to five cognizant executives to ascertain the tenor of management qualifications, attitudes, plans, organization, style, philosophy, vision, communications skills and general consistency. Goal setting, measurements, rewards, teamwork and company "culture" will also be probed.
- o Analyze the customer ascension and retention rates through examination of relevant booking and billing records supplied to INPUT covering the past three years.
- o Examine standard contract forms and obtain a customer count and revenue total for each type or category of contract from existing company records. Compare the terms and conditions of each contract with industry norms, from a conceptual point-of-view.



- o Interview ten customers at random to determine if there is any suggestion of a serious, widespread problem or disaffection among the client base. [If so, under separate agreement, probe more widely and in more detail beyond the scope and charges stated herein.]
- o Prepare an overall written summation of findings and a recommended valuation related to comparables with adjustments up or down based on explicit factors derived from the study.

TIMING AND PROFESSIONAL FEES

INPUT projects delivery of two written summations, one for each company, to Bank of Boston no later than six weeks from receipt of your authorization to proceed.

The fee for this service will be \$27,750 plus reasonable and necessary out-of-pocket expenses estimated not to exceed \$3,000. One half the fee or \$13,875 is due upon authorization and the remaining \$13,875 plus expenses on delivery.



RCV BY:XEROX TELECOPIER 7010 : 3-17-88 12:31PM ;
SENT BY:INPUT NEW JERSEY : 3-17-88 3:23PM ;

2012638341→
2012638341→

4159603990;# 7
4159603990;# 7

AUTHORIZATION

To begin this project, please sign, date and return both copies of this document together with a check or purchase order for \$13,875. We will return an executed copy to you forthwith.

AUTHORIZED BY:

ACCEPTED BY:

INPUT

Name

Name

Title

Title

Date

Date

INPUT





PROPOSAL TO
THE BANK OF BOSTON

FOR

BUSINESS EVALUATION OF THE SERVICE COMPONENTS
OF
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FROM

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SUITE 201
959 ROUTE 46 EAST
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MARCH 17, 1988

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CONFIDENTIAL

BACKGROUND

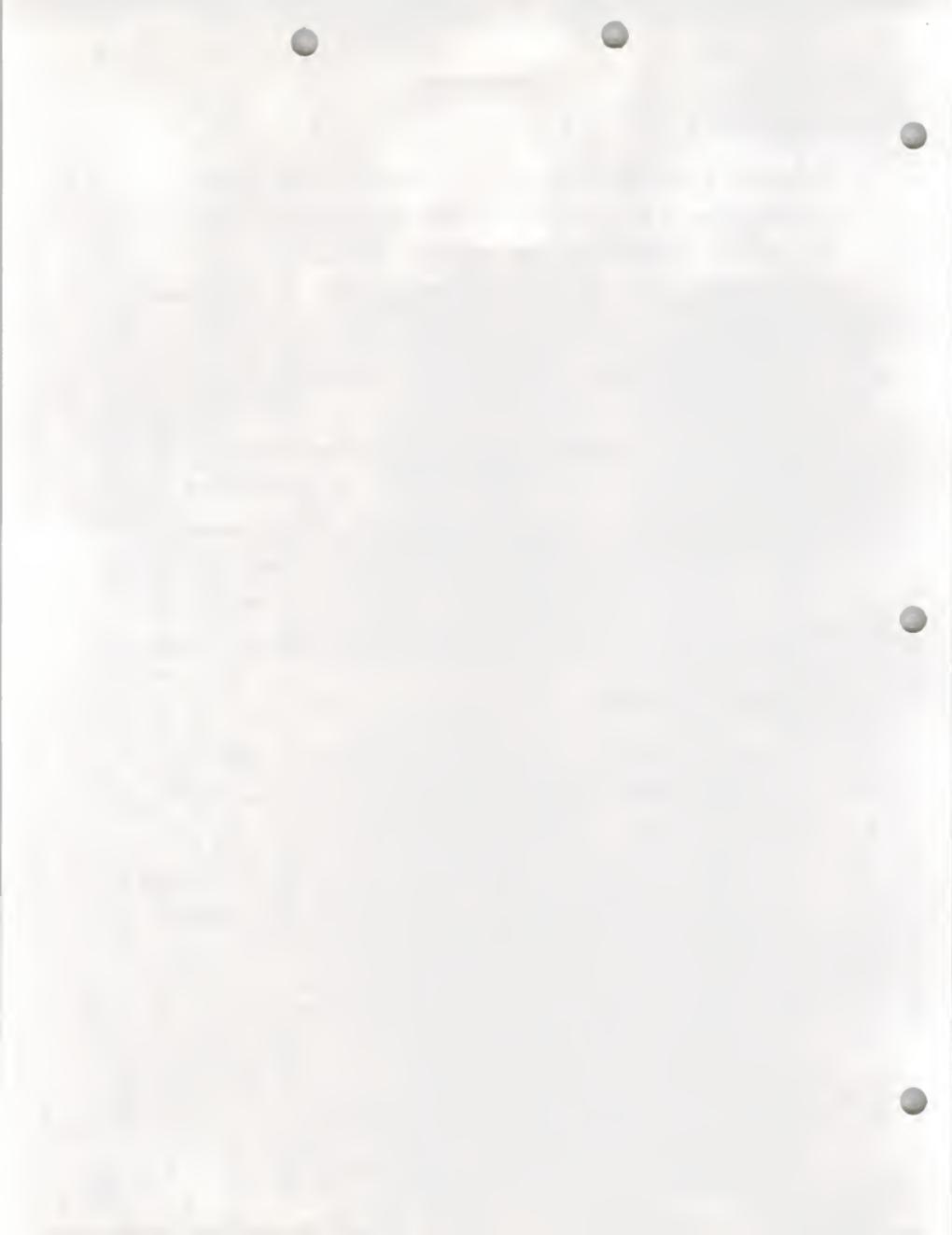
Investors in Decision Industries Corporation and Momentum Technologies, Inc. require financial support from the Bank of Boston for a proposed merger of the customer service (maintenance) components of the two companies. Bank of Boston requires a business value assessment of the two service components from an uninvolved, expert third party.

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INPUT



2. Then, for each of the two service components at issue, INPUT will perform the following analyses separately:

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AUTHORIZATION

To begin this project, please sign, date and return both copies of this document together with a check or purchase order for \$12.875. We will return an executed copy to you forthwith.

AUTHORIZED BY:

ACCEPTED BY:
INPUT

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NAME

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TEN

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INPUT

1280 Villa Street, Mountain View, CA 94041-1194 (415) 961-3300

May 13, 1988

Telex 171407 FAX (415) 961-3966

Mr. Peter Roberts
Vice President
BANK OF BOSTON
100 Federal Street
Boston, MA 02110

Dear Peter:

On Tuesday, May 3, I visited Decision Data Service in Horsham, PA to determine the status of the merger plans. This effort is being managed in three parts as follows:

1. Field Operations - Ray Castelhano, Senior Vice President, Operations.
2. Marketing/Sales - Tom Samuelwitz, Vice President, Marketing/Sales.
3. Finance - Len VonVitel, Controller.

I met with each of them to understand the approach they were taking, the time schedule they were on, and the status of the work. Basically all of the work is scheduled for completion by June 1. Following is a summary of each area:

1. FIELD OPERATIONS

Field operations includes the functions of dispatch, repair depot, parts logistics, technical operations, district and area offices. Decision Data has a decentralized approach to field operations while Momentum has adopted a more centralized approach. For example, Momentum has centralized accounts receivable and dispatching in Herkimer, NY, while Decision Data has delegated this responsibility to the district or area offices. Ray Castelhano plans to decentralize the merged operation after the Decision Data model. He also plans to merge the repair/depot in Herkimer into the existing Decision Data repair depot in Horsham, PA. These actions will result in adding people to the Horsham repair/depot and the field district offices while causing a layoff of personnel in Herkimer.

A preliminary plan has been completed to establish 11 geographic districts, 55 area managers (i.e., city), each with a staff to support the decentralized management approach. These plans will be reviewed in the next few weeks with the new district managers to make sure they make sense in the local environments. At the present time they are projecting a net reduction of 134 people from the field and field support organizations. A detailed field real estate



consolidation plan has also been prepared and is scheduled for management review this week.

2. MARKETING/SALES

Marketing/sales includes marketing administration, advertising, and field sales. Tom Samuelwitz is preparing a plan to consolidate the Herkimer and Morris Plains marketing staffs into the Horsham marketing staff. He also plans to reduce the direct sales staff by changing their mission to support, advise, and train the area managers. He hopes to get a total reduction of 17 people with 9 by the end of this first quarter.

3. FINANCIAL

The financial plan was still under development and was not available for review until after May 15. This plan should cover the merger of the major I/S support systems as well as the headquarters staff.

During these discussions I was informed that the personnel policies and benefit plans were under review. For example, Momentum has a policy of paying double time after 12 hours while Decision Data has no such policy. This work was also incomplete.

Based on my one-day look at the situation, I would recommend a more detailed review of the following areas which I believe will be the key swingers in terms of financial exposures and opportunities.

- Direct manpower requirements/city
- I/S merger plans (billing, accounts receivable, parts logistics, dispatching)
- Capital equipment plans
- Personnel policies and benefits
- Headquarters staff plan
- Parts stocking plans

I will plan to return to Horsham around June 1 to review these items. Please let me know if you want me to follow a different approach or if you want me to look at additional items.

Sincerely,



H.W. (Buddy) Stigler
Manager, Customer Service Program



INPUT

1280 Villa Street, Mountain View, CA 94041-1194 (415) 961-3300

Telex 171407 FAX (415) 961-3966

May 13, 1988

Mr. Peter Roberts
Vice President
BANK OF BOSTON
100 Federal Street
Boston, MA 02110

Dear Peter:

You have requested that we do some additional work which is beyond the scope of the business evaluation for which you contracted.

As we discussed, it is very difficult for me to estimate the exact amount of time and effort that will be required, therefore, INPUT will bill the Bank of Boston for these services on a daily rate of \$1,500 per day, plus travel expenses. In order to reduce the paperwork, these bills will be sent out after five days of billable work has accumulated.

Specifically, the additional items you have requested are the following:

1. Evaluate the proposed acquisition of the Sidereal service function by the Momentum Service Corporation.
2. Evaluate the proposed merger of Decision Data Service and Momentum Service to determine if maximum synergy and economic savings are planned.
3. Prepare for and attend a meeting in New York with Decision Data executives to assess the soundness of the Decision Data Service Company business plan.

I have already spent three days on the above effort. As you know, items 1 and 3 have been completed and I have already spent one day at Decision Data reviewing the status of the merger plans. I am writing you a separate letter on this that will cover the current status and my work plans. I will keep you informed as this work progresses.



Page two/Mr. Peter Roberts

I would appreciate your written authorization of this additional service, either by signing the additional copy of this letter (attached) or by a separate letter to me.

Sincerely,



H.W. (Buddy) Stigler
Manager of Customer Service Program

cc: Mr. George Hunter, INPUT, Mountain View, CA

AUTHORIZED:

Mr. Peter Roberts, Vice President
BANK OF BOSTON



INPUT®

CONTACT REPORT

4/18/88

DATE WRITTEN:

COMPANY: <u>INPUT NJ</u>	INPUT Staff: <u>MT</u>	REASON: <input checked="" type="checkbox"/> Sales <input checked="" type="checkbox"/> Marketing <input checked="" type="checkbox"/> Interview <input checked="" type="checkbox"/> Present'n <input checked="" type="checkbox"/> Hotline <input checked="" type="checkbox"/> Support <input checked="" type="checkbox"/> Other:	RELATING TO: <input type="checkbox"/> M/C <input type="checkbox"/> FCSP <input type="checkbox"/> EDIS <input type="checkbox"/> OAAP <input checked="" type="checkbox"/> CUSTOM <input type="checkbox"/> CSPE <input type="checkbox"/> OTHER <input type="checkbox"/> ISPE
NAME: <u>Buddy Stigler</u>	(INIT.) <u>MT</u>		
TITLE: <u></u>	(INIT.) <u></u>		
ADDRESS: <u></u>	<input checked="" type="checkbox"/> Phone		
FAX: <u>201-263-8341</u>	<input type="checkbox"/> Visit		
PHONE: <u>VOICEMAIL # 306</u>	Contact Date: <u></u>		
ID <u>480870</u>			

Buddy would like 50 names from our Momentum user list (from last October custom study) that we didn't contact.

The condition of the October custom study was that the 2000 ^{Momentum} users list would be used only for that particular study. Our contact for that study at Momentum is Scott Haluska (315) 866-5300 x 5309.

I spoke to Bob Goodwin and he said to call Buddy and explain the situation. Bob concurred with my suggestion that Buddy speak with Scott Haluska and Buddy's contacts at Momentum in order to secure permission for the use of the user list.

Buddy called and said that the president of Momentum will write a memo to us, giving us permission to use the contact list. It will fax Buddy 90 user contacts to the N.J. office care of Joanne Porowity @ 12:35 PST

 EXTRA PAGE(S) ATTACHED

ACTION DIST	TIME REQUIRED	DESCRIBE ACTION OR FOLLOW-UP	BY WHEN	DONE	INFO DIST.
	2:00	4/8 - C.M. on Buddy's Voicemail	4/19	4/19	
		4/8 - Buddy said that the president of Momentum will write a memo giving us permission to use the list. It will fax Buddy 90 user off the list.			Bob Goodwin Buddy Stigler
		4/9 - Faxed 90 names to Joanne Porowity @ 12:35 PST			

(Check all that apply)

MAIL LIST Client Prospect Press Financial Key Contact Decision Maker Product User

COPIES:

- Dist. Copying
- Corp. Contact File

- Route Mgrs.:
 - Sal/Mkt Files
 - Curr. Proj. File

- Branch Contact File

- Sales Acct. Rep.

- Originator



INPUT®**CONTACT REPORT**

5-15-88

DATE WRITTEN:

COMPANY: <i>Bank of Boston</i>	INPUT Staff: <i>JAC</i>	REASON: <input checked="" type="checkbox"/> Sales	RELATING TO: <input type="checkbox"/> M/C
NAME: <i>Joe Chew</i>	(INIT.) <i>JAC</i>	<input type="checkbox"/> Marketing	<input type="checkbox"/> FCSP
TITLE: _____	(INIT.) _____	<input type="checkbox"/> Interview	<input type="checkbox"/> EDIS
ADDRESS: _____	<input checked="" type="checkbox"/> Phone	<input type="checkbox"/> Present'n	<input type="checkbox"/> OAAP
PHONE: <i>(617) 434-7818</i>	<input type="checkbox"/> Visit	<input type="checkbox"/> Hotline	<input type="checkbox"/> CUSTOM
	Contact Date: <i>3-14-88</i>	<input type="checkbox"/> Support	<input type="checkbox"/> CSPE
		<input type="checkbox"/> Other: _____	<input type="checkbox"/> OTHER
			ID: _____

JAC was asked by Don Ackerman to call Bank of Boston site leaders or Mark McLennan - duties were transferred to Joe Chew for due diligence requirements re: Decision Industries & Momentum integration of the Services portion (Maintenance only) of the two companies - DIC provides service for System 36+38 - PCs - Terminals all IBM clones & printers -

I asked Joe to outline specifically what tasks he would require & made the following suggestions - Mgmt review & organization review of both Companies - pros - profits - Equipment serviced - geographic coverage - mix of business (high % of eggs in one basket?) - fast acct status - Comparative values of recent life mergers & more - this need is to have a 3rd party assessment & validation

 EXTRA PAGE(S) ATTACHED

ACTION DIST	TIME REQUIRED	DESCRIBE ACTION OR FOLLOW-UP	BY WHEN	DONE	INFO DIST.
See Peters	Contact report attached -	I told him once the facts were agreed we would believe proposal did not ascertain urgency or timing			
ACS	please call Joe & let me know next step				JAC

(Check all that apply)

 MAIL LIST Client Prospect Press Financial Key Contact Decision Maker Product User

 COPIES: Dist. Copying
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 Contact File

 Route Mgrs.:
 - Sal/Mkt/Files
 - Curr. Proj. File

 Branch
 Contact
 File

 Sales
 Acct. Rep.

 Originator
M&S 300
1/87 (R)



INPUT®

CONTACT REPORT

DATE WRITTEN: 2/22

COMPANY: <u>S. H. Whitney & Co</u>	INPUT Staff: <u>MC</u>	REASON:	RELATING TO:
NAME: <u>Don ACKERMAN</u>	(INIT.)	<input type="checkbox"/> Sales	<input type="checkbox"/> M/C
TITLE: _____	(INIT.)	<input type="checkbox"/> Marketing	<input type="checkbox"/> FCSP
ADDRESS: _____	<input type="checkbox"/> VPhone	<input type="checkbox"/> Interview	<input type="checkbox"/> EDIS
PHONE: (<u>408</u>) <u>434 2900</u> (local)	<input type="checkbox"/> Visit	<input type="checkbox"/> Present'n	<input type="checkbox"/> OAAP
	Contact Date: <u>2/22</u>	<input type="checkbox"/> Hotline	<input type="checkbox"/> CUSTOM
		<input type="checkbox"/> Support	<input type="checkbox"/> CSPE
		<input type="checkbox"/> Other:	<input type="checkbox"/> OTHER
			ID _____

Whitney and Welch Carson have acquired Decision Industries - they are trying to integrate with Momentum. As part of the deal they are arranging financing with Bank of Boston. Don gave BoB our name as source of appraisal letters or due diligence research. BoB needs to know value of service business - which could be levered against. Don says it is at least \$1 for \$10 of revenues.

Two people at B.o.B we should call are Peter Roberts and Marsh McLennan 617-434-2037

EXTRA PAGE(S) ATTACHED

ACTION DIST.	TIME REQUIRED	DESCRIBE ACTION OR FOLLOW-UP	BY WHEN	DONE	INFO DIST.
<u>George</u>	<u>></u>	<u>Please follow-up</u>			

(Check all that apply)

MAIL LIST Client Prospect Press Financial Key Contact Decision Maker Product User

COPIES:

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- Contact File

• Route Mgrs.:

- Sal/Mkt Files
- Curr. Proj. File

• Branch

- Contact
- File

• Sales

- Acct. Rep.

• Originator

M&S 300
1/87 (R)

TITLE

(YBOB) Due Diligence

CLIENT

Bank of Boston

CONTRACT: ATTACHED TO FOLLOW LETTER VERBAL PROJECT LEADER CODE YBOBDATE STARTED 4-5-88 PLANNED COMPLETION DATE verbal 4-26-88
written 5-10-88

LEVEL OF EFFORT (Professional Man Days) 18.5 ESMDS

TOTAL CONTRACT VALUE: \$ 27,750

REVENUE DISTRIBUTION (% or \$) INPUT US 100 INPUT LTD REIMBURSABLE EXPENSES: NO YES EXP. BUDGET 3,000 now TO COVER: TRAV: TEL: RPT. PREP.: OTHER: BILLING SCHEDULE DESCRIPTION 1/2 up front 1/2 @ CompletionPROJECT DESCRIPTION Valuation of Two Customer Service + Support Companies in DC + momentum TechINDICATE TYPE OF CUSTOM WORK: REPORT PRESENTATION THANK YOU PACKAGE: YES NO to momentum
+ Dic
sees

1988 PROJECT

QUARTERLY SCHEDULING PLAN (Q2)

Project: 7.805

Project Leader: _____

DATE: 4-5-88



PROJECT:YB10 - BUSINESS EVALUATION
LEADER:HUNTER, GEORGE
BEG: 04-05-88 END: 05-10-88

INPUT - USA --- 1988
PROJECT REPORT BY LABOR CODE AND EMPLOYEE
PERIOD: 22 ENDING 05-27-88

PAGE 112
05/31/88 22:06



Bank of Boston Add On

PROJECT: YB01 - BOND ADD ON CUSTOM

LEADER: STIGLER, BUDDY

BEG: 05-06-88 END: 12-31-88

INPUT - USA --- 1988

PROJECT REPORT BY LABOR CODE AND EMPLOYEE

PERIOD: 21 ENDING 05-20-88

PAGE 115

05/20/88 22:01

	PERIOD 21			MAY			PERSON DAYS			PROJECT		
	ACTUAL	ESMD	PLAN	ACTUAL	ESMD	PLAN TD	PLAN	ACTUAL	ESMD	PLAN TD	PLAN	
378 STIGLER, BUDDY				3.0	2.1			3.0	2.1			
70 RESEARCH				3.0	2.1			3.0	2.1			

YB01 BOND ADD ON CUSTOM

No Contract / order form etc in accounting.



PROJECT: YBOB - BUSINESS EVALUATION
LEADER: HUNTER, GEORGE
BEG: 04-05-88 END: 05-10-88

INPUT - USA --- 1988
PROJECT REPORT BY LABOR CODE AND EMPLOYEE
PERIOD: 21 ENDING 05-20-88

PAGE 114
05/20/88 22:01

		PERIOD 21			PERSON DAYS					PROJECT		
		ACTUAL	ESMD	PLAN	ACTUAL	ESMD	PLAN TO	PLAN	ACTUAL	ESMD	PLAN TO	PLAN
424	HOFFMAN, DRINDA	.4	.4		.6	.6			1.0	1.0		
435	KRZAK, ROBYN	.4	.4		.6	.6			1.1	1.0		
30	SUPPORT	.4	.4		.6	.6						
-BUDGET-											18.5	18.5
164	BRUSUELAS, RICH				.1	.1			2.5	2.5		
306	MALONEY, KAREN				1.1	.5			1.5	.7		
357	HERTZ, KIMBERLY									.1		
378	STIGLER, BUDDY	2.7	1.9		2.7	1.9			15.6	10.9		
414	PONKWITH, JOANNE				.2	.1			.8	.4		
418	SHAW, DONALD	.2	.2		.3	.3			2.1	2.1		
421	HODGES, MARK	.2	.1		.2	.1			.3	.1		
424	HOFFMAN, DRINDA								.2	.3		
70	RESEARCH	3.2	2.3		4.8	3.1			23.8	17.4	18.5	18.5
YB00 BUSINESS EVALUATION												
		3.6	2.7		5.5	3.8			25.0	18.4	18.5	18.5

YBQB BUSINESS EVALUATION 3.6 2.7 5.5 3.0 25.0 18.4 18.5 18.5

